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Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-5-204. For questions and copies of the notice, contact the person listed below.

| | |
|---------------------------------|---|
| Agency/Board/Commission: | Board of Water Quality, Oil and Gas |
| Division: | Water Resources |
| Contact Person: | Michael Burton |
| Address: | Nashville Environmental Field Office Tennessee Oil and Gas Program 711 R. S. Gass Blvd. Nashville, Tennessee 37216 |
| Phone: | 615-687-7120 |
| Email: | Michael.K.Burton@tn.gov |

Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

| | |
|---------------------|--|
| ADA Contact: | ADA Coordinator |
| Address: | William R. Snodgrass Tennessee Tower 312 Rosa L. Parks Avenue, 22nd Floor Nashville, Tennessee 37243 |
| Phone: | 1-866-253-5827 (toll free) or 615-532-0200 Hearing impaired callers may use the TN Relay Service 1-800-848-0298 |
| Email: | Beverly.Evans@tn.gov |

Hearing Location(s) (for additional locations, copy and paste table)

| | |
|----------------|--|
| Address 1: | Conference Room Nashville Environmental Field Office |
| Address 2: | 711 R. S. Gass Blvd. |
| City: | Nashville, Tennessee |
| Zip: | 37216 |
| Hearing Date : | 08/28/18 |
| Hearing Time: | 1:00 p.m. <input checked="" type="checkbox"/> CST/CDT <input type="checkbox"/> EST/EDT |

Video Conferencing Locations

| | |
|----------------|--|
| Address 1: | Conference Room Columbia Environmental Field Office |
| Address 2: | 1421 Hampshire Pike |
| City: | Columbia, Tennessee |
| Zip: | 38401 |
| Hearing Date : | 08/28/18 |
| Hearing Time: | 1:00 p.m. <input checked="" type="checkbox"/> CST/CDT <input type="checkbox"/> EST/EDT |

| | | | |
|----------------|--|--|--|
| Address 1: | Conference Room Cookeville Environmental Field Office | | |
| Address 2: | 1221 South Willow Avenue | | |
| City: | Cookeville, Tennessee | | |
| Zip: | 38506 | | |
| Hearing Date : | 08/28/18 | | |
| Hearing Time: | 1:00 p.m. | <input checked="" type="checkbox"/> CST/CDT <input type="checkbox"/> EST/EDT | |

| | | | |
|----------------|---|--|--|
| Address 1: | Conference Room Chattanooga Environmental Field Office | | |
| Address 2: | 1301 Riverfront Parkway, Suite 206 | | |
| City: | Chattanooga, Tennessee | | |
| Zip: | 37402 | | |
| Hearing Date : | 08/28/18 | | |
| Hearing Time: | 2:00 p.m. | <input type="checkbox"/> CST/CDT <input checked="" type="checkbox"/> EST/EDT | |

| | | | |
|----------------|---|--|--|
| Address 1: | Conference Room Knoxville Environmental Field Office | | |
| Address 2: | 3711 Middlebrook Pike | | |
| City: | Knoxville, Tennessee | | |
| Zip: | 37921 | | |
| Hearing Date : | 08/28/18 | | |
| Hearing Time: | 2:00 p.m. | <input type="checkbox"/> CST/CDT <input checked="" type="checkbox"/> EST/EDT | |

| | | | |
|----------------|--|--|--|
| Address 1: | Conference Room Johnson City Environmental Field Office | | |
| Address 2: | 2305 Silverdale Drive | | |
| City: | Johnson City, Tennessee | | |
| Zip: | 37601-2162 | | |
| Hearing Date : | 08/28/18 | | |
| Hearing Time: | 2:00 p.m. | <input type="checkbox"/> CST/CDT <input checked="" type="checkbox"/> EST/EDT | |

Additional Hearing Information:

The Tennessee Oil and Gas Program, Division of Water Resources, proposes two amendments to the Board of Water Quality, Oil and Gas.

- For wells used for domestic gas only, the plugging bond will be increased from \$500 to \$1,500. For wells deeper than 2,500 feet, the plugging bond shall increase at a rate of \$1.00 for every foot deeper than 2,500 feet. No reclamation bond shall be required for a well or wells that revert back to a landowner. The increase to the plugging bond amount is necessary to aid in recovering costs to the Tennessee Oil and Gas Program when it must plug abandoned gas wells when a landowner fails to properly operate the wells in compliance with the regulations. The current bond amount of \$500 does not adequately cover the cost required to plug these wells. The increase in plugging bonds also incentivizes operators, based on the cost of submitting a higher plugging bond for a domestic well owner, to plug the non-producing or marginally producing gas wells.
- The minimum buffer to locate tank batteries from state highways and local roads will be reduced to 50 feet instead of the current 100 feet. The 100 foot buffer is creating problems for well operators and the landowners because it requires too much surface disturbance. This regulatory decrease will allow the landowner to use more of the land for farming or other agricultural purposes and will not sacrifice public health and safety.

An initial set of draft rules has been prepared for public review and comment. Copies of these initial draft rules are available for review at the Tennessee Department of Environment and Conservation's (TDEC's) Environmental Field Offices located as follows:

Nashville Environmental Field Office
711 R. S. Gass Blvd
Nashville, TN 37243-1550
(615) 687-7000/ 1-888-891-8332

Cookeville Environmental Field Office
1221 South Willow Avenue
Cookeville, TN 38506
(931) 432-4015/ 1-888-891-8332

Chattanooga Environmental Field Office
Suite 550- State Office Building
540 McCallie Avenue
Chattanooga, TN 37402-2013
(423) 634-5745/ 1-888-891-8332

Knoxville Environmental Field Office
3711 Middlebrook Pike
Knoxville, TN 37921-5602
(865) 594-6035/ 1-888-891-8332

Johnson City Environmental Field Office
2305 Silverdale Road
Johnson City, TN 37601-2162
(423) 854-5400/ 1-888-891-8332

The "Draft" rules may also be accessed for review using <http://tn.gov/environment/topic/ppo-water>.

Draft copies are also available for review at the following address:

Tennessee Department of Environment and Conservation
Division of Water Resources
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243
(615) 532-0159

Office hours are from 8:00 AM to 4:30 PM, Monday through Friday (excluding holidays).

Oral or written comments are invited at the hearing. In addition, written comments may be submitted prior to or after the public hearing to: Tennessee Department of Environment and Conservation, Water Resources Division; Attention: Mr. Michael Burton, William R. Snodgrass Tennessee Tower, 312 Rosa L. Parks Avenue, 11th Floor, Nashville, Tennessee 37243; telephone 615-532-0159 or fax 615-532-0199. However, such written comments must be received by 4:30 PM CDT, September 14, 2018, in order to assure consideration. For further information, please contact Mr. Michael Burton at Nashville Environmental Field Office, 711 R. S. Gass Blvd, Nashville, TN 37216, at (615) 687-7120, or by e-mail at Michael.K.Burton@tn.gov.

Revision Type (check all that apply):

☒ Amendment
☐ New
☐ Repeal

Rule(s) (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

| Chapter Number | Chapter Title |
|----------------|-----------------------|
| 0400-52-01 | Bond |
| Rule Number | Rule Title |
| 0400-52-01-.02 | Blanket Plugging Bond |

| Chapter Number | Chapter Title |
|----------------|------------------------------------|
| 0400-54-01 | Pollution and Safety Controls |
| Rule Number | Rule Title |
| 0400-54-01-.05 | Containment Pit and Tank Batteries |

(Place substance of rules and other info here. Statutory authority must be given for each rule change. For information on formatting rules go to <http://state.tn.us/sos/rules/1360/1360.htm>)

Chapter 0400-52-02
Permits

Amendment

Subparagraph (b) of paragraph (2) of Rule 0400-52-02-.02 Drilling Permit is amended by deleting it in its entirety and substituting instead the following:

- (b) If a well or wells revert back to a landowner, whether by court action, or by lease expiration or other provisions, and the well shall remain in operation, then the landowner shall submit an Application to Change Operators (Form CN-0237), file an Organization Report (Form CN-0219), post a well plugging bond, post a reclamation bond if required, pay a fee of \$100, and otherwise comply with well spacing regulations. If the well will be used for domestic gas only, then a plugging bond in the amount of \$1,500 shall be required. For all wells deeper than 2,500 feet, the plugging bond shall increase at a rate of \$1.00 for every foot deeper than 2,500 feet. No reclamation bond shall be required for a well or wells that revert back to a landowner.

Authority: T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq.

Chapter 0400-54-01
Pollution and Safety Controls

Amendment

Rule 0400-54-01-.05 Containment Pit at Tank Batteries is amended by adding a new sentence at the end of the introductory text, without amending the associated drawing with the title *CONSTRUCTION DETAILS FOR TANK PAD AND PIT*, so that as amended the introductory text shall read as follows:

A containment pit is required at each permanent oil tank or battery of tanks, and such pits shall be surrounded by a retaining wall or suitably ditched to a collecting sump, each of sufficient capacity and construction to contain potential spillage. Oil tanks or battery of tanks shall not be located closer than 50 feet from any state highway or county road.

Authority: T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq.

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: June 21, 2018

Signature: _____

Name of Officer: Jennifer Dodd

Title of Officer: Director of the Division of Water Resources

Subscribed and sworn to before me on: _____

Notary Public Signature: _____

My commission expires on: _____

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Filed with the Department of State on: _____

Tre Hargett
Secretary of State